great bulk of taxable personal property consists of business machinery and equipment and inventories. Household goods are generally taxed and fully taxable in only nine of the SMSA States. Motor vehicles comprise a significant part of the tax base in some, but by no means all, metropolitan areas, as the following tabulation shows:

	Number of States containing	
	SMSA's	Large SMSA's
Taxed under local general property tax	21	7
Taxed under local special property tax	5	2
No local property taxes	21	14

ASSESSMENT ORGANIZATION

Another dimension of interstate property tax system differentials is the geographic organization for assessment. This is of significance from the standpoint of concern about fiscal disparities within metropolitan areas, or at least from the standpoint of obtaining information about these disparities. The smaller the geographic unit at which the assessment is done, the more difficult it is to utilize available information on taxable capacity and tax rates for local government units within a single metropolitan area, since individual assessing districts may assess taxable wealth at very different proportions of its market value.

In 12 of the 47 SMSA States (and 7 of the 23 large SMSA States), assessment is done by city, village, and town officers, rather than by countywide assessment organizations. In several other States, the pattern is a mixed one, with some countywide assessment. In two-thirds of the SMSA States (and 13 of the 23 large SMSA States), countywide assessment is the general rule, for metropolitan areas.

Role of the Tax in Urban Public Finance

Prior to the 1930's, the property tax provided three-fourths or more of the general revenue of American local governments and more than four-fifths of their locally raised general revenue (that is, excluding payments from other levels of government), as table 2 shows. Largely because of the greatly increased grants-in-aid for welfare and school purposes from State and Federal governments, the property tax declined sharply as a proportion of total general revenue in the 1930's and 1940's. From the early 1950's to the early 1960's, the property tax stabilized at just under half of total general revenue. However, in the past few years, a slow decline in its relative role apparently has resumed (see Figure 1), again largely due to increased grants-in-aid.

In a sense, table 2 understates the long-term decline in the relative role of the property tax in the financing of urban public services. State governments are important direct providers of public services, through State government agencies, in addition to their indirect role in financing local government. The more important direct State government services include highways, public assistance (in a majority of the States), higher education, mental hospitals and correction. The relative importance of direct State government expenditure has risen